

Message Text

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ACTION EUR-12

INFO OCT-01 AF-10 ARA-06 EA-07 NEA-10 IO-13 ISO-00
AGR-05 FEA-01 AID-05 CEA-01 CIAE-00 COME-00 EB-07
FRB-03 INR-07 NSAE-00 OPIC-03 SP-02 TRSE-00
LAB-04 EPG-02 SIL-01 OMB-01 ERDA-05 DODE-00
FPC-01 H-01 INT-05 L-03 NSC-05 PM-04 OES-07
SS-15 STR-04 ACDA-07 OIC-02 NSCE-00 SSO-00
USIE-00 INRE-00 /160 W
-----032123Z 115457 /73

O R 032204Z MAY 77
FM USMISSION OECD PARIS
TO SECSTATE WASH DC IMMEDIATE 6430
INFO ALL OECD CAPITALS
AMEMBASSY ALGIERS
AMEMBASSY JIDDA
AMEMBASSY BUENOS AIRES
AMEMBASSY BRASILIA
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AMEMBASSY LIMA
AMEMBASSY CAIRO
AMEMBASSY CARACAS
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C O N F I D E N T I A L SECTION 01 OF 03 OECD PARIS 13012

E.O. 11652: GDS
TAGS: OECD, CIEC, EGEN, ETRD, EFIN, EAID, ENRG

SUBJECT: CIEC, APRIL 29-MAY 2

1. SUMMART: CONTACT GROUPS RELAUNCHED THEIR WORK ON
APRIL 29 AND MAY 2. GENERAL ATMOSPHERE REMAINS GOOD

WITH MINIMUM OF POLITICAL RHETORIC THUS FAR. G-8 IS ENGAGED IN INTENSIVE EFFORT TO PUT FORWARD NEW POSITIONS ON MOST ISSUES WHICH REPRESENT AT LEAST MINIMAFSOME MOVEMENT AWAY FROM THOSE OF NOVEMBER. THUS FAR, G-19 IS TENDING TO STAND PAT ON THEIR NOVEMBER POSITIONS. WE ARE QUIETLY BUT FIRMLY OBJECTING TO THIS STANCE ON GROUNDS MOVEMENT NEEDED FROM BOTH SIDES IF CIEC IS TO BE SATISFACTORILY CONCLUDED. END SUMMART.

2. ENERGY CONTACT GROUP FOCUSSSED ON SUPPLY QUESTIONS IN BRIEF MEETING APRIL 29 AND MORE SUBSTANTIVE DISCUSSION MAY 2. MAY 2 DISCUSSION WAS BASED ON REDRAFT BY REPRESENTATIVES OF THE UNITED STATES AND SAUDI ARABIAN CO-CHAIRMEN OF PREAMBULAR PORTION OF BRACKETED TEXT ON SUPPLY PRODUCED LAST NOVEMBER. (REDRAFT RECEIVED SUPPORT INMOST RESPECTS FROM G-8 AT MAY 2 CAUCUS.) G-19 REPRESENTATIVES RAISED MOST OF POINTS THEY PUSHED LAST YEAR, I.E., "NOBLE" USES OF OIL, SHORTNESS OF TRANSITION PERIOD, NEED FOR INDUSTRIALIZED COUNTRIES TO ENCOURAGE AND ASSIST OIL PRODUCERS TO DEVELOP DOWNSTREAM INDUSTRIES AND PROVIDE ACCESS TO MARKETS, ETC. HOLDING FIRM ON THESE POINTS, G-8 REPRESENTATIVES STRESSED IMPORTANCE OF REDUCING UNCERTAINTIES RE ENERGY SUPPLY AND EC MADE PITCH, AGAIN REJECTED BY SAUDIS, FOR EXPANDING CONCEPT OF SECURITY OF SUPPLY BEYOND PURELY COMMERCIAL SENSE.

3. UPSHOT OF DISCUSSION WAS AGREEMENT THAT REPRE-
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SENTATIVES OF CO-CHAIRMEN WOULD AGAIN TRY THEIR HANDS AT PRODUCING ACCEPTABLE PREAMBLE TO SUPPLY SECTION WHILE CONTINUING WORK, LAUNCHED OVER THE WEEKEND, ON DRAFT RECOMMENDATIONS IN SUPPLY AREA. OBJECTIVE IS TO KEEP DRAFTING FIRMLY IN HANDS OF CO-CHAIRMEN, SEEKING TO AVOID LENGTHY DEBATE OVER LANGUAGE AND PRODUCTION OF HEAVILY BRACKETED TEXTS. IT IS DOUBTFUL THAT THERE WILL BE MUCH MOVEMENT IN ENERGY FIELD THIS WEEK BEYOND PRODUCTION OF NEW DRAFT TEXTS, SINCE TAHER HAS DEPARTED FOR THE WEEK, LEAVING CO-CHAIRMANSHIP IN HANDS OF STAND-IN (ALI AL-RUBAISHI) INEXPERIENCED IN CIEC ISSUES, AND G-19 CAN BE EXPECTED TO STAND PAT ON

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-----032123Z 115569 /73

O R 032204Z MAY 77

FM USMISSION OECD PARIS

TO SECSTATE WASH DC IMMEDIATE 6431

INFO ALL OECD CAPITALS

AMEMBASSY ALGIERS

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ENERGY WHILE KEEPING CLOSE WATCH ON DEVELOPMENTS IN OTHER COMMISSIONS.

4. RAW MATERIALS: FIRST SESSIONS OF CONTACT GROUPS APRIL 29-MAY 2 PROCEEDED ROUTINELY WITH GENERALLY CONSTRUCTIVE AND POSITIVE FIRST READINGS ON MOST PAPERS AND FEW NEW PROPOSALS OF SIGNIFICANCE FROM EITHER SIDE. ON THE INTEGRATED PROGRAM/COMMON FUND, HOWEVER, G-19 TABLED REVISED PAPER, TO WHICH G-8 HAS PROMISED RE-ACTION AT LATER MEETING. KEY PARAGRAPH OF G-19 PAPER CALLS FOR ESTABLISHMENT BY NOVEMBER 1977 OF "THE" COMMON FUND "AS THE MAIN INSTRUMENT FOR ATTAINING THE OBJECTIVES OF THE INTEGRATED PROGRAM AND AS THE CENTRAL SOURCE OF FINANCE FOR THE SPECIFIC OBJECTIVES AND PURPOSES BEING ELABORATED AND NEGOTIATED IN UNCTAD." THE UNACCEPTABILITY OF THIS SECTION EVEN TO EC HAS FACILITATED G-8 AGREEMENT TO ADOPT INTERROGATORY APPROACH IN REACTIONS TO PAPER FOR TIME BEING. EC STRATEGY IS CLEARLY TO AWAIT RESULTS OF ECONOMIC SUMMIT BEFORE BEGINNING SERIOUS WORK ON POSSIBLE AGREED TEXT. ON SUBJECT OF INVESTMENT, G-19 HAS INDICATED DESIRE TO MAKE CHANGES IN NOVEMBER TEXTS AND A DRAFTING GROUP HAS BEEN SET UP.

5. TRADE: FIRST SESSION OF JOINT CONTACT GROUP IN TRADE HELD PERFUNCTORY REVIEW OF FIRST HALF OF BRACKETED NOVEMBER TRADE PAPER. G-19 DELEGATES ADOPTED PASSIVE POSTURE AWAITING G-8 COMMENTS, WHILE LATTER MADE NON-COMMITAL STATEMENTS INDICATING AREAS WHERE G-8 WAS CONSIDERING NEW APPROACH. WITHIN G-8, SUPPLY ACCESS QUESTION REMAINS MOST DIFFICULT AND CONTINUES TO BE SUBJECT OF INFORMAL BILATERAL CON-
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SULTATIONS.

DEVELOPMENT

6. DEVELOPMENT COMMISSION CONTACT GROUPS HAVE JUST BEGUN PROCESS OF NEGOTIATING REVISED TEXTS. G-19'S EMPHASIS AT THIS INITIAL STAGE IS ON G-8 MOVING CLOSER TO G-19 PROPOSALS. VERY LITTLE NEW LANGUAGE HAS YET BEEN AGREED, AND LONG CONTACT GROUP SESSIONS ARE FORESEEN. DEBT GROUP MET AGAIN MAY 2 AND WENT THROUGH PRO-FORMA REVIEW OF SWEDISH DEBT PROPOSAL. G-8 HOPES TO ENGAGE G-19 IN DISCUSSION OF US/EC AND G-19 DEBT FEATURES PROPOSALS STARTING AT NEXT MEETING. IN ODA GROUP, G-8 GOT G-19 TO DELAY CONSIDERATION OF ODA VOLUME SECTION PENDING FURTHER INTERNAL G-8 COORDINATION. BULK OF TWO SESSIONS WAS SPENT ON IFI ISSUES.

ALTHOUGH, WITH ONE EXCEPTION, THERE WAS NO AGREEMENT ON NEW LANGUAGE, DISCUSSION WAS FRUITFUL IN OUTLINING WHERE MUTUAL ACCOMODATIONS MIGHT BE REACHED. ATMOSPHERE IN DEBT AND ODA DISCUSSIONS HAS BEEN CORDIAL.

7. FIRST MEETINGS OF FOOD AND AGRICULTURE AND INDUSTRIALIZATION TRANSFER OF TECHNOLOGY GROUPS WERE UNPRODUCTIVE DUE TO G-19'S RESISTANCE TO ENGAGE IN DRAFTING EXERCISED. IT WAS EVIDENT THAT G-19 HAD DONE NO PRIOR CAUCUSING ON ITS OWN TO CONSIDER NEW LANGUAGE, AND SEVERAL ATTEMPTS WERE MADE TO SIMPLY HAVE G-8 SPELL OUT WHERE IT COULD MOVE CLOSER TO G-19 DEMANDS. G-8 IN FOOD AND AGRICULTURE GROUP HAS DECIDED TO INDICATE PRIVATELY THAT THERE IS SOME ROOM FOR MOVEMENT ONCE G-19 CEASES CURRENT TACTICS. INFRASTRUCTURE WILL NOT BE DISCUSSED UNTIL LATE THIS WEEK. WE ARE STILL AWAITING OFFICIAL REACTIONS FROM OTHER G-8 MEMBERS TO U.S. PROPOSAL FOR CONFERENCE ON AFRICAN INFRASTRUCTURE.

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FINANCIAL AFFAIRS (FA)

8. FA CONTACT GROUP ON INVESTMENT MET ON APRIL 29 AND

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MAY 2. AT APRIL 29 SESSION, JAMAICAN DELEGTE (RICHARDSON) BACKED BY REST OF G-19 PRESSED FOR DISCUSSION OF, AND RECOMMENDATIONS CONCERNING, MONETARY ISSUES. G-8 DELEGATES, INCLUDING U.S., STRONGLY RESISTED THIS APPROACH. G-8 DID SUGGEST RECEIVING A REPORT FROM IMF UPON RESULTS OF INTERIM COMMITTEE, WHICH WAS PROVIDED ON MAY 2. G-19 ALSO PRESSED FOR DISCUSSION OF EXPORT CREDITS, AND MULTILATERAL RESOURCES. G-8 DELEGATES NOTED THAT MULTILATERAL RESOURCES WOULD BE DISCUSSED IN ODA CONTACT GROUP. ON INVESTMENT AND ACCESS TO CAPITAL MARKET ISSUES G-19 SAID THEY WOULD STICK WITH THEIR NOVEMBER POSITIONS. U.S. ARGUED MOVEMENT WOULD BE NEEDED FROM BOTH SIDES. ON MAY 2, INVESTMENT CONTACT GROUP BEGAN DISCUSSION OF FOREIGN INVESTMENT PAPER WITH G-8 TAKING INITIATIVE IN PROPOSING COMPROMISE LANGUAGE ON FIRST PART OF TEXT. DISCUSSION FOCUSED ON PARAGRAPH 3, PARAGRAPH ON PERMANENT SOVEREIGNTY (FOR G-8 TEXT SEE SEPTEL). DISCUSSION OF FOREIGN DIRECT INVESTMENT

WILL CONTINUE ON MAY 3, PROBABLY CONCENTRATING ON INVESTMENT PRINCIPLES. G-19 THUS FAR HAVE INDICATED NO FLEXIBILITY.

9. FA CONTACT GROUP ON INFLATION MET ON APRIL 29 AND MAY 2 WITH LITTLE PROGRESS, AWAITING TABLING OF A G-8 TEXT. CONTACT GROUP ON COOPERATION AMONG LDC'S ALSO MET ON APRIL 28 AND MAY 2 WITH LITTLE PROGRESS. IN BOTH OF THESE CONTACT GROUPS G-19 TAKING SAME DIFFICULT LINE AS IN NOVEMBER.

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Message Attributes

Automatic Decaptoning: X
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Copy: SINGLE
Sent Date: 03-May-1977 12:00:00 am
Decapton Date: 01-Jan-1960 12:00:00 am
Decapton Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Office: ACTION EUR
Original Classification: CONFIDENTIAL
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Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2655787
Secure: OPEN
Status: NATIVE
Subject: CIEC, APRIL 29-MAY 2
TAGS: EGEN, ETRD, EFIN, EAID, ENRG, OECD, CIEC
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vdkgvgwkey: odbc://SAS/SAS.dbo.SAS_Docs/97d5309b-c288-dd11-92da-001cc4696bcc
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